

Dungog Shire Council





Parks and Recreation
Asset Management Plan



Version 3

November 2018



Document Control		Asset Management for Small, Rural or Remote Communities		 	
Document ID: Parks and Recreation - September 2014					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	3/5/2012	Version 1 - Draft for Comment	CL, JR, JH, AM		
2	11/09/2014	Version 2 - Final Draft	SH		
3	14/11/2018	Version 3 - Minor Revision & Statistical Update	SH		

Asset Management for Small, Rural or Remote Communities Practice Note

The Institute of Public Works Engineering Australia.

www.ipwea.org.au/AM4SRRC

© Copyright 2011 – All rights reserved.

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	iii
2. INTRODUCTION	1
2.1 Background	1
2.2 Goals and Objectives of Asset Management	3
2.3 Plan Framework	4
2.4 Core and Advanced Asset Management.....	4
2.5 Community Consultation	4
3. LEVELS OF SERVICE.....	5
3.1 Customer Research and Expectations	5
3.2 Legislative Requirements	5
3.3 Current Levels of Service.....	6
3.4 Desired Levels of Service.....	10
4. FUTURE DEMAND	11
4.1 Demand Forecast	11
4.2 Changes in Technology	11
4.3 Demand Management Plan	12
4.4 New Assets for Growth	12
5. RISK MANAGEMENT.....	13
5.1 Risk Management Plan	13
6. LIFECYCLE MANAGEMENT PLAN	14
6.1 Background Data.....	14
6.2 Routine Maintenance Plan.....	15
6.3 Renewal/Replacement Plan.....	17
6.4 Creation/Acquisition/Upgrade Plan.....	19
6.5 Disposal Plan	19
7. FINANCIAL SUMMARY.....	20
7.1 Financial Statements and Projections.....	20
7.2 Funding Strategy	22
7.3 Valuation Forecasts.....	22
7.4 Key Assumptions made in Financial Forecasts.....	22
8. ASSET MANAGEMENT PRACTICES	23
8.1 Accounting/Financial Systems	23
8.2 Asset Management Systems	23
8.3 Information Flow Requirements and Processes	24
8.4 Standards and Guidelines	24
9. PLAN IMPROVEMENT AND MONITORING	25
9.1 Performance Measures.....	25
9.2 Improvement Plan	25
9.3 Monitoring and Review Procedures	25
REFERENCES	26
APPENDICES	27
Appendix A Abbreviations.....	28
Appendix B Glossary	29

Tables

TABLE 1: ASSETS COVERED BY THIS PLAN	1
TABLE 2: SCHEDULE OF PARKS, GARDENS AND RESERVES	2
TABLE 3: ORGANISATION GOALS AND HOW THESE ARE ADDRESSED IN THIS PLAN	3
TABLE 4: LEGISLATIVE REQUIREMENTS	5
TABLE 5: CURRENT SERVICE LEVELS	6
TABLE 6: DEMAND FACTORS, PROJECTIONS AND IMPACT ON SERVICES	11
TABLE 7: CHANGES IN TECHNOLOGY AND FORECAST EFFECT ON SERVICE DELIVERY	11
TABLE 8: DEMAND MANAGEMENT PLAN SUMMARY	12
TABLE 9: RISK IDENTIFICATION AND TREATMENT PLAN	13
TABLE 10: KNOWN SERVICE PERFORMANCE DEFICIENCIES	14
TABLE 11: MAINTENANCE EXPENDITURE TRENDS - SWIMMING POOLS	16
TABLE 12: MAINTENANCE EXPENDITURE TRENDS - PARKS, RESERVES AND SPORTING FIELDS	16
TABLE 13: IMPROVEMENT PLAN	25

Figures

FIGURE 1: OPERATIONS AND MAINTENANCE EXPENDITURE - SWIMMING POOLS	16
FIGURE 2: OPERATIONS AND MAINTENANCE EXPENDITURE - PARKS, RESERVES & SPORTING FIELDS	17
FIGURE 3: RENEWAL / REPLACEMENT EXPENDITURE - SWIMMING POOLS	18
FIGURE 4: RENEWAL / REPLACEMENT EXPENDITURE - PARKS, RESERVES & SPORTING FIELDS	18
FIGURE 5: CAPITAL & MAINTENANCE - BUDGETED VERSUS REQUIRED FORECAST - SWIMMING POOLS	20
FIGURE 6: CAPITAL & MAINTENANCE - BUDGETED VERSUS REQUIRED FORECAST - PARKS, RESERVES & SPORTING FIELDS	20

1. EXECUTIVE SUMMARY

Context

The Shire of Dungog is part of the Hunter Region and the Lower Hunter Sub-Region and is bound by MidCoast Council to the East and North, Upper Hunter Shire to the North-west Singleton Shire to the West, Port Stephens Shire and the City of Maitland to the South.

Dungog Shire covers an area of 2248 sq. kilometres. The Council is situated in the Barrington tops region and has a population of 8,975 (2016 Census). The Shire consists predominantly of very rugged to hilly country which becomes less rugged from north to south. The major population centres within the Shire include:

- Dungog
- Clarence Town
- Paterson
- Gresford
- Martins Creek
- Vacy

The Australian Bureau of Statistic's annual Estimated Residential Population for Local Government Areas reported that Dungog Shire recorded a growth rate of 0.4% and that over the previous five years had recorded an average annual growth rate of 0.7%.

Parks and Recreation Assets

These infrastructure assets have a replacement value of \$8.5M.

What does it Cost?

The combined projected cost to provide the services covered by this Asset Management Plan including operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$695,319 per annum (this figure excludes depreciation and is averaged over the 10 year period).

The annual projected requirements averaged over the 10 year period are as follows:-

Swimming Pools

Budget Area	Budgeted	Required	Increase Required
Maintenance / Operations	\$303,354	\$303,354	Nil
Capital	\$4,630	\$9,100	\$4,470 (97%)

Parks, Reserves and Sporting Fields

Budget Area	Budgeted	Required	Increase Required
Maintenance / Operations	\$341,259	\$341,259	Nil
Capital	\$46,420	\$41,606	Nil

It should be noted that the Renewal Plan for these assets is in the infancy stage with more work required for the long term life cycle costings. There is therefore low confidence in the Capital Works Programme identified and the subsequent sustainability index figure. Major infrastructure renewals such as swimming pools, play equipment are expected to have a major detrimental affect on future budgets.

One of the primary purposes of this parks and recreation asset management plan is to identify levels of service that the community needs and can afford and develop the necessary long term financial plans to provide the service in a sustainable manner. This will dictate that Council needs to take a long term view of existing assets and the overall service provided.

What we will do

Council plans to provide urban stormwater drainage services for the following:

- Operation, maintenance, renewal and upgrade of park and recreational assets to meet service levels set by council in annual budgets;
- Develop and Implement a Capital Works Programme;
- Develop and Implement a Park and Recreational Assets Maintenance Management Plan;
- Improve the underlying information and review service level trends.

What we cannot do

Council does not have sufficient funding to provide all services at the desired service levels or provide new services. Works and services that cannot be provided under present funding levels are:

- Provision of all the additional parks and recreation assets to support the services desired by the community

Managing the Risks

There are risks associated with providing the service and not being able to complete all identified activities and projects. We have identified major risks as:

- Rising costs of managing infrastructure
- Meeting Community expectations for services
- Providing the most appropriate and affordable infrastructure for the community
- Controlling the deterioration of the parks and recreation assets due to lack of renewal funding.

We will endeavour to manage these risks within available funding by:

- Manage the existing infrastructure
- Manage the expansion of parks and recreation infrastructure based on the priorities established in the Community Plan
- Expand infrastructure in a financially responsible manner and as funded in Council's Long Term Financial Plan.
- Seek additional funding in the form of grants wherever possible.
- Annual review and update of service level and risk projections as data improves. This review will inform the annual budget process.

The Next Steps

The actions resulting from this asset management plan are:

- Continue to improve asset information and knowledge.
- Develop a single corporate asset register for financial and reporting purposes
- Monitor the provision of parks and recreation infrastructure alongside the community expectations for community facilities.

Questions you may have

What is this plan about?

This asset management plan covers the infrastructure assets that serve the Dungog Community's parks and recreation needs. These assets include parks, playground and sporting field assets and swimming pool assets throughout the Council area that enable people to provide community and recreation facilities for residents and visitors to Council in the most cost effective manner.

What is an Asset Management Plan?

Asset management planning is a comprehensive process to ensure delivery of services from infrastructure is provided in a financially sustainable manner.

An asset management plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost effective manner. The Plan defines the services to be provided, how the services are provided and what funds are required to provide the services.

Why is there a funding shortfall?

Most of the Council's parks and recreation assets were constructed from government grants often provided and accepted without consideration of ongoing operations, maintenance and replacement needs.

Many of these assets are approaching the later years of their life and require replacement, services from the assets are decreasing and maintenance costs are increasing.

Councils' present funding levels are insufficient to continue to provide existing services at current levels in the medium term.

What options do we have?

Resolving the funding shortfall involves several steps:

1. Improving asset knowledge so that data accurately records the asset inventory, how assets are performing and when assets are not able to provide the required service levels,
2. Improving our efficiency in operating, maintaining, replacing existing and constructing new assets to optimise life cycle costs,
3. Identifying and managing risks associated with providing services from infrastructure,
4. Making trade-offs between service levels and costs to ensure that the community receives the best return from infrastructure,
5. Identifying assets surplus to needs for disposal to make saving in future operations and maintenance costs
6. Consulting with the community to ensure that park and recreation services and costs meet community needs and are affordable,
7. Developing partnership with other bodies, where available to provide services;
8. Seeking additional funding from governments and other bodies to better reflect a 'whole of government' funding approach to infrastructure services.

What happens if we don't manage the shortfall?

It is likely that council will have to reduce service levels in some areas, unless new sources of revenue are found. For parks and recreation assets, the service level reduction may include a reduction in maintenance and operating costs and an inability to renew existing assets in line the current renewal program (scenario 1 - from asset register).

What can we do?

Council can develop options and priorities for future parks and recreation assets with costs of providing the services, consult with the community to plan future services to match the community services needs with ability to pay for services and maximise benefit to the community for costs to the community.

What can you do?

Council will be pleased to consider your thoughts on the issues raised in this asset management plan and suggestions on how Council may change or reduce its parks and recreation services mix to ensure that the appropriate level of service can be provided to the community within available funding.

2. INTRODUCTION

2.1 Background

This asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service.

The asset management plan is to be read with Council's Asset Management Policy, Asset Management Strategy and the following associated planning documents:

- Dungog Shire Council Delivery Program, Operational Plan and Community Strategic Plan
- Plans of Management for Parks and Sportsgrounds

The Parks and Recreation Asset Management Plan covers open space and recreation assets within the Council area. The key subgroups of the plan are:

- Parks, Gardens and Reserves that are broken into:
 - Passive Recreation Areas – Playgrounds, open space, wetlands
 - Active Recreation Areas – Ovals, showgrounds, hard surface courts (netball, tennis), skate parks
- Public Swimming Pools

This infrastructure assets covered by this asset management plan are shown in Table 1.

Table 1: Assets covered by this Plan

Asset Sub-Category	Asset Replacement Cost (*Calculated from asset register)	Depreciated Replacement Cost *
Parks, Gardens and Reserves	\$6,841,125	\$1,931,592
Public Swimming Pools	\$1,624,064	\$363,302
TOTAL	\$8,465,190	\$2,294,894

* Calculations are based on the last revaluation of the assets

The following Parks, Reserves, Sportsgrounds and Public Swimming Pools are covered by this asset management plan

Table 2: Schedule of Parks, Gardens and Reserves

Passive Recreation Areas

Township / Locality	Location	Park/Reserve Name
Bandon Grove	Chichester Dam Road	Bandon Grove Reserve
Bendolba	Chichester Dam Road	Dave Sands Memorial
Chichester	Chichester Road	Chichester Reserve
Clarence Town	Limeburners Creek Road	Bridge Reserve
Clarence Town	Limeburners Creek Road	Lions Park
Clarence Town	Grey Street	War Memorial Playground
Clarence Town	Grey Street	Wetlands
Clarence Town	Marshall Street	Wharf Reserve
Dungog	Mackay Street	Bruyn Park
Dungog	Mackay Street	Coronation Park
Dungog	Stroud Hill Road	Frank Robinson Memorial Park
Dungog	Brown Street	Jubilee Park
Dungog	Clarence Town Road	Lioness Park
Dungog	Clarence Town Road	Lions Park
Dungog	Scott Avenue	Lions Park
East Gresford	Park Street	Orana Park
Martins Creek	Cory Street	Skipline Park
Paterson	Tocal Road	Allan Fairhall Reserve
Paterson	Tocal Road	John Tucker Park
Paterson	Gresford Road	Kings Wharf Reserve
Salisbury	Salisbury Road	Fulton Park
Stroud Hill	Stroud Hill Road	Phillips Creek Reserve
Vacy	Gresford Road	Vacy Memorial Green
Wirragulla	Dungog Road	Maxwells Creek Reserve

Active Recreation Areas

Township	Location	Park/Reserve/Pool Name
Clarence Town	Durham Street	Clarence Town Park
Clarence Town	Durham Street	Fishing Club Reserve
Clarence Town	Durham Street	Reg Ford Sporting Complex
Clarence Town	Grey Street	Pony Club Ground
Clarence Town	Prince Street	Clarence Town Tennis Courts
Dungog	Lord Street	Apex Park
Dungog	Mackay Street	Bennett Park
Dungog	Abelard Street	Dungog Showground
Dungog	Lord Street	Dungog Skate Park
East Gresford	Park Street	Gresford Sporting Complex
Martins Creek	Cory Street	Martins Creek Tennis Courts
Paterson	Webbers Creek Road	Paterson Sportsground
Tocal	Tocal Road	Webbers Creek Reserve
Vacy	Gresford Road	Vacy Sportsground

Public Swimming Pools

Township	Location	Park/Reserve/Pool Name
Clarence Town	Durham Street	Clarence Town Public Swimming Pool
Dungog	Chapman Street	Dungog Public Swimming Pool

2.2 Goals and Objectives of Asset Management

The Council exists to provide services to its community. Some of these services are provided by infrastructure assets. Council has acquired infrastructure assets by 'purchase', by contract, construction by council staff and by donation of assets constructed by developers and others to meet increased levels of service.

Council's goal in managing infrastructure assets is to meet the required level of service in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Understanding and meeting the demands of growth through demand management and infrastructure investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.¹

The goal of this asset management plan is to:

- Document the services/service levels to be provided and the costs of providing the service,
- Communicate the consequences for service levels and risk, where desired funding is not available, and
- Provide information to assist decision makers in trading off service levels, costs and risks to provide services in a financially sustainable manner.

This asset management plan is prepared under the direction of Council's theme, mission, goals and objectives.

Council's theme is:

"A vibrant, united community, with a sustainable economy. An area where rural character, community safety, and lifestyle are preserved."

Council's mission is:

"To manage, enhance, and protect, the resources of the Shire, in consultation with the community."

Relevant goals and objectives and how these are addressed in this asset management plan are shown in Table 3.

Table 3: Organisation Goals and how these are addressed in this Plan

Strategy	Program / Activity	How the actions are being addressed in this AMP
5. Ensure that community assets and facilities and public infrastructure are maintained and improved to a reasonable standard	5.1.1 Development and implementation of Asset Management Plans 5.2.1 Maintain facilities and assets within budgetary limitations.	This document will continue to evolve as further information of the asset is gathered Infrastructure is provided to support services. Getting the correct infrastructure appropriate to the needs of the community is a primary goal of Asset Management. As Council has limited resources, the Asset Management Planning process sets the priorities and allocations of these resources in line with community expectations in the Community Strategic Plan.

¹ IPWEA, 2006, *IIMM* Sec 1.1.3, p 1.3.

Strategy	Program / Activity	How the actions are being addressed in this AMP
	5.3.1 Continue to explore opportunities to submit grant applications for facility upgrades	The AMP will be utilised as the basis for future funding requirements and grant applications if and or when they become available

2.3 Plan Framework

Key elements of the plan are

- Levels of service – specifies the services and levels of service to be provided by council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how the organisation will manage its existing and future assets to provide the required services
- Financial summary – what funds are required to provide the required services.
- Asset management practices
- Monitoring – how the plan will be monitored to ensure it is meeting the organisation’s objectives.
- Asset management improvement plan

2.4 Core and Advanced Asset Management

This asset management plan is prepared as a first cut ‘core’ asset management plan in accordance with the International Infrastructure Management Manual². It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a ‘top down’ approach where analysis is applied at the ‘system’ or ‘network’ level.

2.5 Community Consultation

This ‘core’ asset management plan is prepared to facilitate community consultation initially through feedback on public display of draft asset management plans prior to adoption by Council. Future revisions of the asset management plan will incorporate community consultation on service levels and costs of providing the service. This will assist Council and the community in matching the level of service needed by the community, service risks and consequences with the community’s ability to pay for the service.

² IPWEA, 2006.

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

Council has undertaken extensive Community Consultation in the development of the Community Strategic Plan, Delivery Program and Operational Plans.

3.2 Legislative Requirements

Council has to meet many legislative requirements including Australian and State legislation and State regulations. Relevant legislation is shown in Table 4.

Table 4: Legislative Requirements

Legislation	Requirement
NSW Local Government Act and Local Government Amendment (Planning and Reporting) Act (the Act).	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery. The amendments to the Act give effect to the Integrated Planning and Reporting framework.
NSW Work Health and Safety Act	Aims to secure the health, safety and welfare of people at work. It lays down general requirements which must be met at places of work in New South Wales. The provisions of the Act cover every place of work in New South Wales. The Act covers self employed people as well as employees, employers, students, contractors and other visitors.
Disability Discrimination Act and other relevant disability legislation.	Sets out the responsibilities to all in regards to discrimination. This Act makes it unlawful to discriminate against people because of their disability.
Building Code of Australia	Sets out acceptable standards and deemed to satisfy provisions for building work both residential and commercial.
Australian Standards for Playgrounds AS/NZS 4486, AS4685 & AS/NZS 4422	Sets out standards for play spaces and play equipment and minimum best practice for risk assessing safety of play spaces and equipment.
Local Environment Plans	Sets out the zoning of lands within the council area and what development is permissible on the land
Dividing Fences Act	Local Government exempt from 50/50 contribution for dividing fences abutting public open space.
Section 94 Plans	Provides information on contributions for developments that will require or increase the demand for public facilities in the area such as open space, community facilities and recreation facilities.
Crown land (Reserves) Act:	Regulates what can be done on Crown land
Protection of the Environment Operations Act	Sets out the role, purpose, responsibilities and powers of Council relating to protection and preservation of the environment.
Native Vegetation Act	For the control and removal of native vegetation

3.3 Current Levels of Service

Council has defined service levels in two terms.

Community Levels of Service relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance.

Community levels of service measures used in the asset management plan are:

Quality	How good is the service?
Function	Does it meet users' needs?
Capacity or Utilisation	Is the asset substantially over or under capacity
Safety	Is the service safe?

Technical Levels of Service - Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that the council undertakes to best achieve the desired community outcomes within Council's budgetary constraints.

Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as mowing frequency, etc.
- Maintenance – the activities necessary to retain an assets as near as practicable to its original condition
- Renewal – the activities that return the service capability of an asset up to that which it had originally
- Upgrade – the activities to provide an higher level of service or a new service that did not exist previously

Council's current service levels are detailed in Table 5.

Table 5: Current Service Levels

Playgrounds

Key Performance Measure	Customer Level of Service	Performance Measure	Performance Target	Current Performance
COMMUNITY LEVELS OF SERVICE				
Quality	Provide quality playground equipment that meets appropriate standards and community expectations. Provide green and safe open space. Provide shade structures to key playgrounds.	Inspections and Customer Requests. Internal assessment and community feedback.	< 2 Customer Requests per month	Meets Target
Function	To provide a diverse range of suitably located playgrounds within the shire that provides equipment that is fully functional and accessible which ensure that user requirements are met.	Inspections and Customer Requests. Internal assessment and community feedback.	100% functionality subject to budget <2 Customer requests per month	Meets target Meets target

Key Performance Measure	Customer Level of Service	Performance Measure	Performance Target	Current Performance
Safety	To provide a safe, clean hazard free environment.	Inspections, reported accidents and incidents	Zero reported incidents	<2 per annum
Sustainability	Playgrounds are managed for future generations. Ensure that all playground assets are renewed and maintained	Existing equipment is renewed as required. Additional equipment is provided to meet future need	Renewals are undertaken at end of equipment life and within budgetary constraints New equipment is provided as required	Renewals undertaken as funding allows
TECHNICAL LEVELS OF SERVICE				
Condition	To ensure all components are operational	Playground maintenance program Playground replacement program Playground inspection and audit program Reactive maintenance Customer Requests	1. Operational inspection conducted internally on monthly basis 2. Replace units as required by replacement program 3. Compliance audit 4. 100% completion of reactive maintenance tasks 5. 100% completion of requests	Performance measure met Performance measure met Performance measure met Performance measure met Performance measure met
Accessibility	Ensure playground recreation facilities are accessible to all users.	Compliance audit undertaken and number of complaints received from the community regarding accessibility	Compliance audit undertaken <2 customer requests per month	Not currently undertaken Performance measure met
Cost Effectiveness	Playgrounds are managed for future generations and rationalised to suit hierarchy.	Effectively manage within allocated resources	Within +/- 5 % of budget	Meets Targets

Key Performance Measure	Customer Level of Service	Performance Measure	Performance Target	Current Performance
Safety	To provide a safe hazard free network.	Inspection frequency	Monthly Inspections undertaken	All play equipment is inspected monthly for safety compliance to relevant Australian Standards.

Parks, Gardens, Sporting Fields and Open Space

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY LEVELS OF SERVICE				
Quality	Provide aesthetically pleasing and suitably maintained grassed areas, gardens, tree planting, park furniture and other assets appropriate to the hierarchy of the park/reserve.	Internal assessment and community feedback.	< 5 Customer Requests per month	Meets target
Function	To provide areas for rest, relaxation, play, enjoyment and exercise which include appropriately facilities and equipment.	Survey and community feedback.	< 5 Customer Requests per month	Meets target
Safety	To provide a safe hazard free environment.	Reported accidents and incidents	< 5 Customer Requests per month	Meets Target
Sustainability	Parks are managed for future generations. Use of low maintenance drought tolerant native plant species and gardens. Use ESD principles for all park assets	Forward planning and community feedback.	10 year program in place < 5 Customer Requests per month	Meets target Meets target
TECHNICAL LEVELS OF SERVICE				
Condition	Maintenance type, frequency and extent appropriate to classification of park/reserve. Parks to be maintained to ensure	Customer Requests, inspections, maintenance programs and audits,	< 5 Customer Requests per month	Meets Target

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
	safety of users and be aesthetically pleasing to users.	community feedback.		
Accessibility	A wide range of parks and reserves are conveniently available and accessible	Compliance audit undertaken and number of complaints received from the community regarding accessibility issues	Compliance audit undertaken <2 customer requests per month	Not currently undertaken Performance measure met
Cost Effectiveness	Parks are managed for future generations and rationalised due to hierarchy	Effectively manage within allocated budget resources	Within +/- 5% of budget	Meets Targets
Safety	To provide a safe hazard free environment.	Reported accidents and incidents	< 5 Customer Requests per month	Meets Target

Swimming Pools

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY LEVELS OF SERVICE				
Quality	Provide facilities with good water quality, clean amenities and shade protection.	Customer requests, patronage, community feedback.	< 2 complaints per month No decrease in patronage due to quality concerns	Meets target
Function	Provide adequate swimming pool and associated facilities	Customer requests, community feedback.	< 2 complaints per month	Meets target
Safety	Water, structures and surrounds are safe, supervision is adequate for usage. Provide a safe hazard free environment.	No accidents, incident reports.	No increase in incidents reported per annum	Meets target
Sustainability	Pools are managed for future generations	Community	10 year program in place	Meets target

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
	including water and energy saving technologies	expectations are met.	< 2 Customer Requests per month	Meets target
TECHNICAL LEVELS OF SERVICE				
Condition	Water quality meets DOH guidelines using latest technology. Maintain all pool infrastructure in a serviceable and clean condition.	Compliance testing. Regular inspections. No major breakdowns	100% compliance with DOH guidelines. Zero major breakdowns	Meets target Meets target
Accessibility	Provide pool facilities that are accessible to all users within budgetary constraints	Compliance audit undertaken and number of complaints received from the community regarding accessibility issues	Compliance audit undertaken <2 customer requests per month	Not currently undertaken Meets target
Cost Effectiveness	Provide service in a cost effective manner. Fees set to make a significant contribution towards the cost of providing the service	Effectively manage within allocated budget resources	Within +/- 5% of budget	Meets Targets
Safety	Provide safe suitable facilities free from hazards	Reported accidents /incidents Comply with royal lifesaving's guidelines for safe pool operation (GSPO)	No increase in incidents pa Compliance with GSPO guidelines.	Meets target Meets target

3.4 Desired Levels of Service

At present, indications of desired levels of service are obtained from various sources including residents' feedback to Councillors and staff, service requests and correspondence. There will be an ongoing challenge for Council to review levels of service and budget allocations in attempting to more closely match these with community expectations.

4. FUTURE DEMAND

4.1 Demand Forecast

Factors affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership, consumer preferences and expectations, economic factors, agricultural practices, environmental awareness, etc.

Demand factor trends and impacts on service delivery are summarised in Table 6.

Table 6: Demand Factors, Projections and Impact on Services

Demand factor	Present position	Projection	Impact on services
Population	8,975 (2016)	9830 (2029) ³	Increased Assets and demand on existing assets will have a follow on impact on maintenance and renewal costs.
Increasing Costs	The cost to construct, maintain and replace parks and recreation assets is increasing	Anticipated to continue	Increasingly difficult to maintaining the current level of service. Equipment will need to provide greater efficiencies
Climate Change	Higher frequency of extreme weather events	Unknown, but changes likely.	Addition costs may be imposed to fund environmental initiatives

4.2 Changes in Technology

Technology changes forecast to affect the delivery of services covered by this plan are detailed in Table 7.

Table 7: Changes in Technology and Forecast effect on Service Delivery

Technology Change	Effect on Service Delivery
Lower energy consumption lighting and solar energy	Increased initial outlay but reduced energy consumption
Improvement to plant	Greater efficiencies in grounds maintenance service delivery, reduction in maintenance time
Recycling and reuse of water and innovations in soil wetting where possible	Maintenance of sporting fields during water restrictions, climate change and drought conditions
Improvement to agricultural chemicals	Better quality outcomes in the delivery of grounds maintenance service
New more durable materials for park furniture and playgrounds	Increased life cycle, reduced maintenance requirements
Alternative surfaces for playing fields where practicable such as synthetic or reduced water	Reduced water requirements and decreased evaporation

³ Projection based on 0.7% average annual growth rate provided by the Australian Bureau of Statistic's annual Estimated Residential Population for Local Government Areas

Technology Change	Effect on Service Delivery
requirements	
Improved engineering structures, e.g. playground shade structures	Reduced risk environment for children , benefits from UV protection, increased use in hot or wet weather
Computerised irrigation control systems and use of sub surface irrigation systems	More efficient use of irrigation regimes
Increased understanding of climate change effects and required management techniques	Enhance and improve delivery of services

4.3 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for the council to own the assets. Examples of non-asset solutions include providing services from existing infrastructure such as sporting fields, aquatic centres and libraries that may be in another council area or owned by another government department or public toilets provided in commercial premises.

Opportunities identified to date for demand management are shown in Table 8. Further opportunities will be developed in future revisions of this asset management plan.

Table 8: Demand Management Plan Summary

Service Activity	Demand Management Plan
Ensure future parks and sporting field demand is provided in correct format	Review GAP analysis between the current supply of parks and the identified (required) demand i.e. Quantity of land required and spatial deficiencies
Playground Rationalisation Strategy	Review of Playground compliance audit including current location of structures , condition , growth areas and opportunities for rationalisation to accommodate service changes
Increased usage of sports fields and resultant impact of higher traffic has required a focus on improving irrigation and turf management practices.	Prepare turf management /maintenance manual that determines the service required to meet the demand for active and passive reserves , specifies all annual forecasted maintenance works and outlines service standards within parks and sporting fields

4.4 New Assets for Growth

The new assets required to meet growth will be acquired from land developments and constructed/acquired by Council.

At this stage, some minor increases to the asset base are projected. These will be funded from developer contributions.

Acquiring these new assets will commit council to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations and maintenance costs.

5. RISK MANAGEMENT

5.1 Risk Management Plan

An assessment of risks associated with service delivery from parks and recreation assets has identified critical risks to Council. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as Extreme, requiring immediate corrective action and High, requiring prioritised corrective action identified in the infrastructure risk management plan are summarised in Table 9.

Table 9: Risk Identification and Treatment Plan

Asset at Risk	What can happen	Risk Rating	Risk Treatment Plan
Playgrounds	Structural failure caused by the age and condition of equipment	Med	Maintain playgrounds to Australian Standards through monthly inspection and maintenance
Playgrounds	Vandalism or misuse of equipment potentially making the playground unsafe for usage	Med	Monthly safety inspections and response to Customer Requests
Playgrounds	Discarded syringes left in the vicinity of playgrounds causing potential injury to users	Low	Monthly safety inspections and response to Customer Requests
Irrigation systems	Vandalism or damage to sprinklers, controllers	Low	Inspect during regular mowing. Maintain current reactive procedure
Irrigation systems	Over watering and protruding irrigation sprinkler heads affecting ground quality and public risk	Low	Maintain procedures of inspection. Users to identify grounds are safe and fit for purpose prior to use.
Drainage systems through parks	Injury to public due to open channels or in high stormwater flow events	Med	Implement program to make open channels safe.

6. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service while optimising life cycle costs. To undertake lifecycle asset management means consideration of all management options and strategies as part of the asset lifecycle from planning to disposal. The objective of managing the assets in this manner is to look at long-term cost impacts (or savings) when making asset management decisions.

6.1 Background Data

6.1.1 Physical parameters

The assets covered by this asset management plan are:-

- Parks, Gardens and Reserves
- Public Swimming Pools

The information basis for the parks and recreation assets are:

- Financial Valuations
- Technical Inventory
- Maintenance and Renewal Plans

6.1.2 Asset capacity and performance

Council's services are generally provided to meet design standards where these are available. Locations where deficiencies in service performance are known are detailed in Table 10.

Table 10: Known Service Performance Deficiencies

Location	Service Deficiency
Playgrounds	Some play equipment may not meet current standards in relation to shade, fall zones, etc.
Parks	Some of Council's parks do not have fencing around them (especially those near roads)
Sporting Fields	Some sporting fields are at the limit of usage availability and need to be supplemented by other grounds to reduce the strain on the playing surfaces. Some sporting grounds do not have adequate toilet and change room facilities

6.1.3 Asset condition

At present the condition of the park and recreation assets is gauged by a visual rating system that assigns a condition rating on the asset based on how it appears to be functioning in providing its service to the community. The visual condition assessment was measured using a 1-5 rating system.

Condition Rating	Description
1	Excellent condition: A near new asset with no visible signs of deterioration
2	Very good: An asset in a very good overall condition but with some early stages of deterioration evident
3	Fair: An asset in fair overall condition. Deterioration in condition would be obvious and there would be some serviceability loss
4	Poor: An asset in poor overall condition. Deterioration would be quite severe and would be starting to limit the serviceability of the asset. Maintenance costs would be high
5	Very Poor: An asset in extremely poor condition with severe serviceability problems and needing rehabilitation immediately. There would be an extreme risk in leaving the asset in service

6.1.4 Asset valuations

The value of assets recorded in Council's asset register for the year ending 30 June 2013 covered by this asset management plan is shown below. Assets were last fully revalued at 30 June 2013.

Current Replacement Cost	\$8,465,190
Depreciable Amount	\$8,465,190
Depreciated Replacement Cost	\$2,309,288
Annual Depreciation Expense	\$332,374

Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion.

Asset Consumption (Depreciation/Depreciable Amount)	3.90%
Asset renewal (Capital renewal expenditure/Depreciable amount)	0%
Annual Upgrade/New (Capital upgrade expenditure/Depreciable amount)	3.50%

Whilst Council's focus is on maintaining current assets through adequate maintenance and repair programs, Council is currently only renewing assets where failure has occurred or is imminent (reactive) or where grant funding is received (proactive). Realistically, whilst Council has purchased land for future sporting field use, Council is not funding existing park and recreation asset replacement to the required levels at this time.

To provide services in a financially sustainable manner, Council will need to ensure that it is renewing assets at the rate they are being consumed over the medium-long term and funding the life cycle costs for all new assets and services in its long term financial plan.

6.2 Routine Maintenance Plan

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

6.2.1 Maintenance plan

Maintenance includes reactive, planned and cyclic maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests, risk assessment priorities and management/supervisory directions. Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgment and risk management procedures.

Planned maintenance is repair work that is identified and managed through inspections of the network. Activities include assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Cyclic maintenance is replacement of higher value components of assets which is undertaken on a regular cycle. This work generally falls below the capital / maintenance threshold.

Recent maintenance expenditures are shown in Tables 11 and 12.

Table 11: Maintenance Expenditure Trends - Swimming Pools

Year	Maintenance Expenditure		
	Maintenance & Repair	Operational	Total
2015	\$24,746	\$246,024	\$270,770
2016	\$25,365	\$252,174	\$277,539
2017	\$25,999	\$258,478	\$284,478
2018	\$26,649	\$264,940	\$291,590

Table 12: Maintenance Expenditure Trends - Parks, Reserves and Sporting Fields

Year	Maintenance Expenditure		
	Maintenance & Repair	Operational	Total
2015	\$186,762	\$130,451	\$317,213
2016	\$191,056	\$131,082	\$322,137
2017	\$195,457	\$131,705	\$327,162
2018	\$199,969	\$132,461	\$332,429

Assessment and prioritisation of reactive maintenance is undertaken by operational staff using experience and judgement.

6.2.2 Summary of future maintenance expenditures

Figures 1 & 2 show the future operational and maintenance budget forecasts.

Figure 1: Operations and Maintenance Expenditure - Swimming Pools

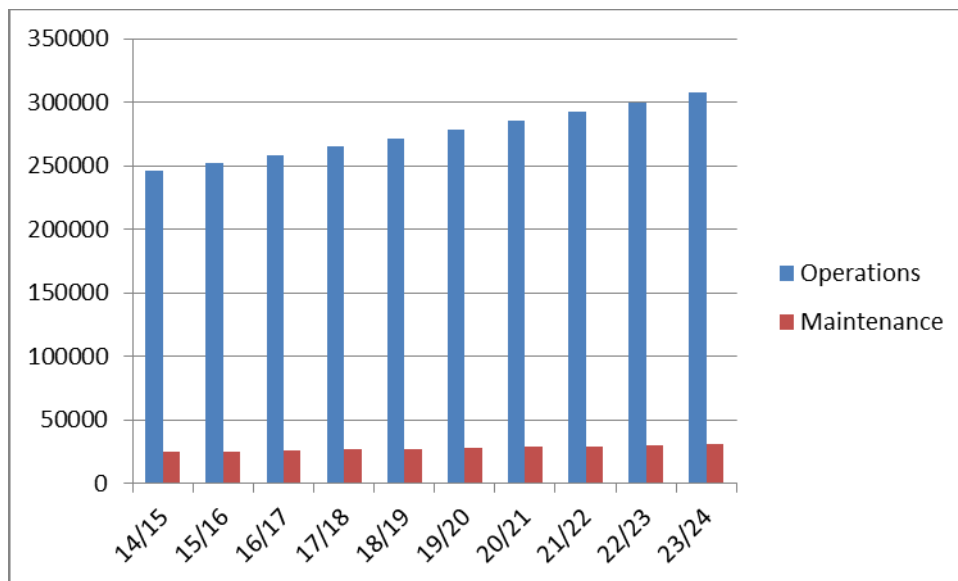
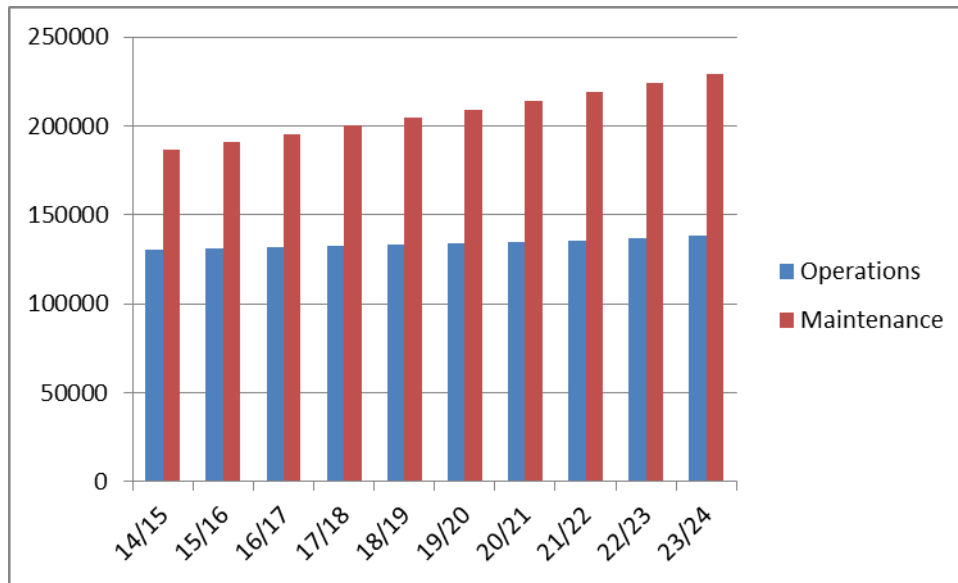


Figure 2: Operations and Maintenance Expenditure - Parks, Reserves & Sporting Fields



Maintenance is funded from Council's operating budget and grants where available. Current maintenance expenditure levels are considered to be inadequate to meet required service levels. These increases will be required to fund both maintenance of Council's existing aging infrastructure and the maintenance of new assets that will be required due to population increases, changing age demographics and development.

Deferred maintenance works (ie works that are identified for maintenance and unable to be funded) are to be included in the risk assessment process.

Future revision of this asset management plan will include linking required maintenance expenditures with required service levels

6.2.3 Standards and specifications

Maintenance work is carried out in accordance with the following Standards and Specifications.

- Relevant engineering Australian Standards
- Relevant technical standards and specifications

6.3 Renewal/Replacement Plan

Renewal expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

Renewal will be undertaken using 'low cost' renewal methods where practicable. The aim of 'low cost' renewals is to restore the service potential for future economic benefits of the asset by renewing the assets at a cost less than replacement costs.

6.3.1 Renewal plan

Assets requiring renewal are identified from estimates of remaining life obtained from inspections and condition surveys. Whilst some assets have been inspected and had renewal plans developed (eg swimming pools), more work is needed in this area for future revisions of this Asset Management Plan.

Renewal will be undertaken using 'low-cost' renewal methods where practical. The aim of 'low-cost' renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a cost less than replacement cost.

6.3.2 Renewal standards

Renewal work is carried out in accordance with standards, specifications and legal requirements as appropriate.

6.3.3 Summary of projected renewal expenditure

Projected future renewal expenditures are forecast to increase over time as the asset stock ages. The currently identified costs are summarised in Figures 3 and 4.

Figure 3: Renewal / Replacement Expenditure - Swimming Pools

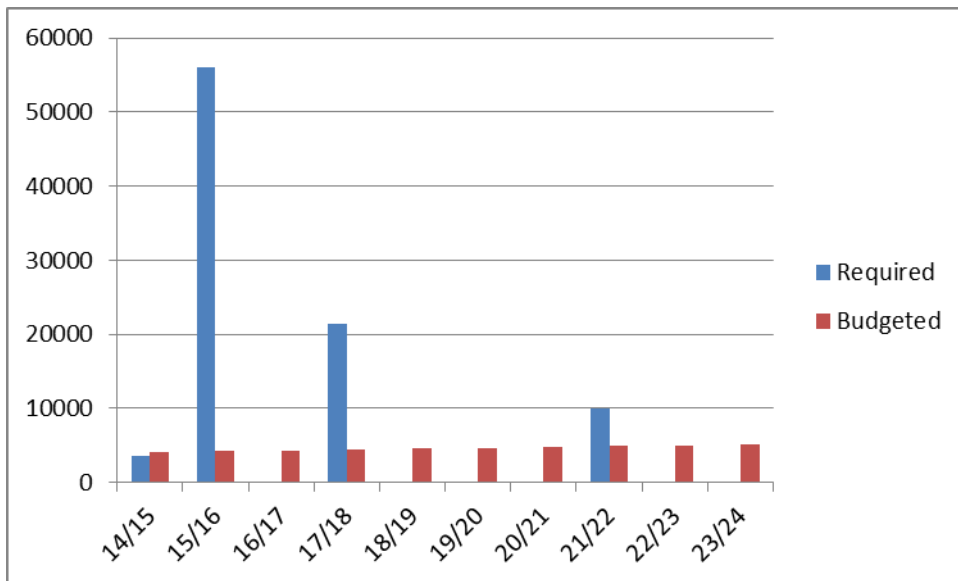
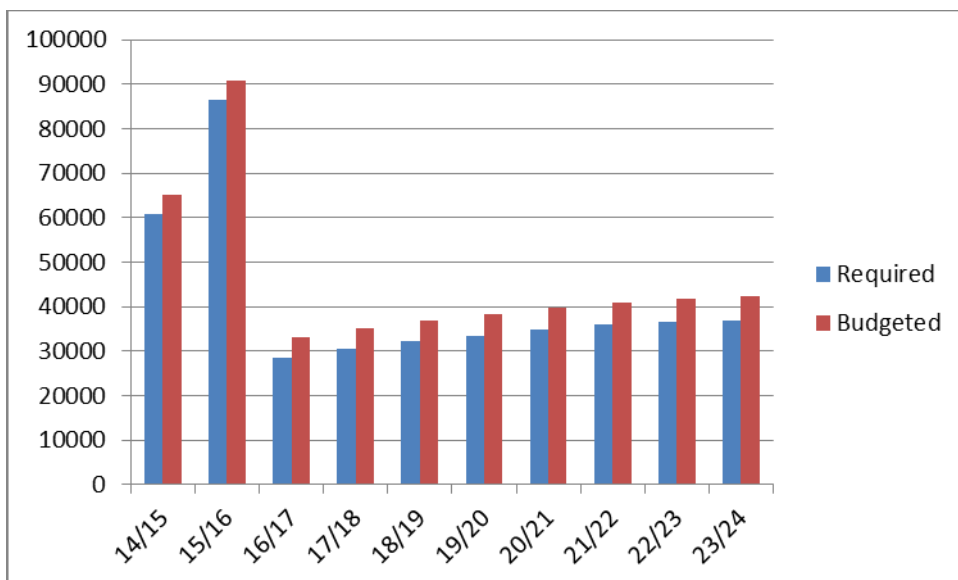


Figure 4: Renewal / Replacement Expenditure - Parks, Reserves & Sporting Fields



Renewals are to be funded from capital works programs, grants and developer contributions where available.

6.4 Creation/Acquisition/Upgrade Plan

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to the Council from land development.

6.4.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as council or community requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes.

6.4.2 Standards and specifications

New assets and upgrade/expansions will be constructed in accordance with standards, specifications and legal requirements as appropriate.

6.5 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. It is unlikely that Council would consider disposing of any parks or sporting facilities assets other than minor items such as obsolete playground equipment.

7. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

7.1 Financial Statements and Projections

The financial projections are shown in Figure 8 for projected operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets), net disposal expenditure and estimated budget funding.

Figure 5: Capital & Maintenance - Budgeted Versus Required Forecast - Swimming Pools

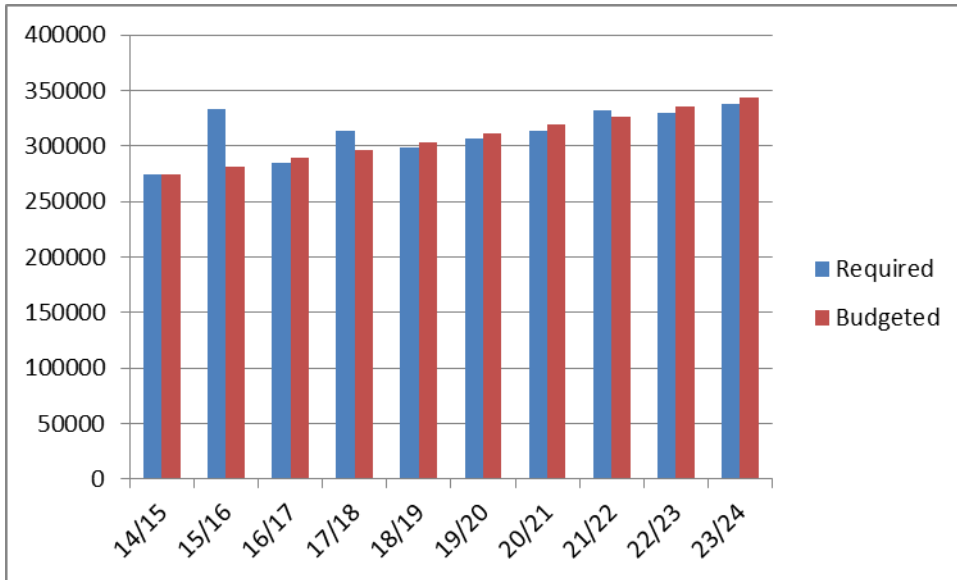
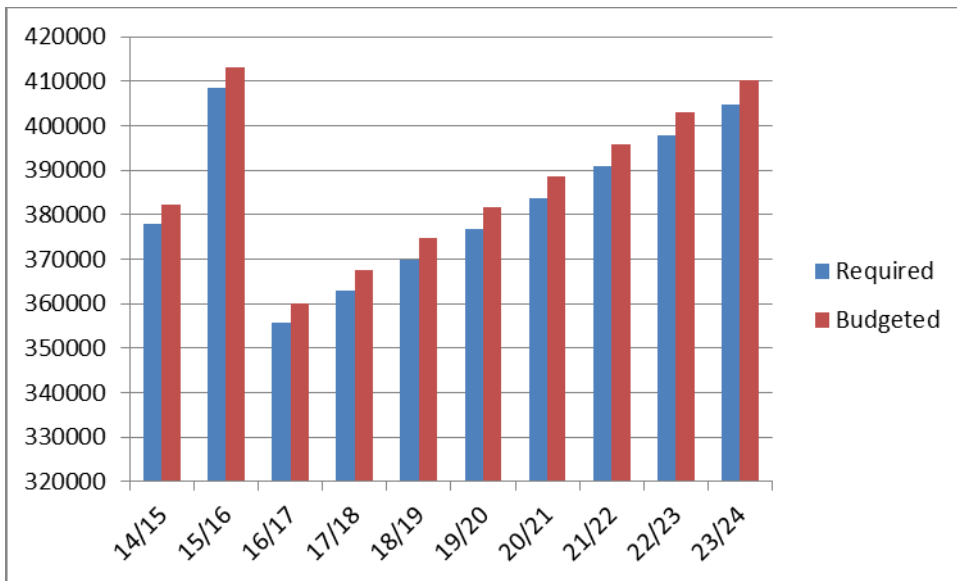


Figure 6: Capital & Maintenance - Budgeted Versus Required Forecast - Parks, Reserves & Sporting Fields



As discussed in the previous section, more work is required in the identification of future capital requirements in these areas. Council can expect the total financial expenditure requirements for Parks & Recreational Facilities to increase significantly over time as increased knowledge is developed for renewal planning for aging infrastructure. The implication for Council for the projected required expenditures is that long term financial plans will need to accommodate the required increase in overall expense if these assets are to be adequately serviced, maintained and renewed.

7.1.1 Financial sustainability in service delivery

There are two key indicators for financial sustainability that have been considered in the analysis of the services provided by this asset category, these being long term life cycle costs/expenditures and medium term projected/budgeted expenditures over 10 years of the planning period.

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operations and maintenance expenditure, asset consumption (depreciation expense) and capital works. The annual average life cycle cost for the services covered in this asset management plan has not been projected beyond the 10 year financial planning period at this time.

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operations, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The average annual life cycle budget expenditure cost for the services covered in this asset management plan has not been projected beyond the 10 year financial planning period at this time.

A gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets they are consuming each year. The purpose of this asset management plan is to identify levels of service that the community needs and can afford and develop the necessary long term financial plans to provide the service in a sustainable manner.

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than that life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing services to their communities in a financially sustainable manner. This is the purpose of the asset management plans and long term financial plan.

Medium term – 10 year financial planning period

This asset management plan identifies the projected operations, maintenance and capital renewal expenditures required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

These projected expenditures may be compared to budgeted expenditures in the 10 year period to identify any funding shortfall. In a core asset management plan, a gap is generally due to increasing asset renewals for ageing assets.

The average operations, maintenance and capital renewal expenditure (excluding depreciation) required over the 10 year planning period is \$695,319 per year.

Estimated annual (budget) operations, maintenance and capital renewal funding is \$695,663 per year indicating there is sufficient funding for operational and capital works for the 10 year period (ie. a 10 year sustainability indicator of 1.00). It should be noted that the Renewal Plan for these assets is in the infancy stage with more work required for the long term life cycle costings. There is therefore low confidence in this sustainability index figure as major infrastructure renewals such as swimming pools, play equipment are expected to have a major detrimental affect on future budgets.

7.2 Funding Strategy

Projected expenditure identified in Section 6.1 is to be funded from future operating and capital budgets. The funding strategy is detailed in the organisation's 10 year long term financial plan.

7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council.

7.4 Key Assumptions made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this asset management plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan are:

- That parks and recreation assets will remain in Council's ownership throughout the planning period and that levels of service remain unchanged;
- Required maintenance is assumed to take place in accordance with relevant codes and standards.
- Natural disasters (such as flood), vandalism and other unplanned events are not considered in the asset lifecycles.
- That parks and recreation assets will be replaced at the end of their useful life;
- Parks and recreation assets are assumed to reach their allocated design lives even though degradation will vary according to location, prevailing weather and usage.
- Information within the parks and recreation register is based on current knowledge only;
- Renewal Plans do not cover all assets and require further development

Accuracy of future financial forecasts may be improved in future revisions of this asset management plan by the following actions.

- Current rates to be reviewed and updated;
- Preparation of Renewal Plans;
- Preparation of a Maintenance Management Plan;
- Review of the useful life of the various assets;
- Higher detail and definition in relation to the current expenditures by type e.g. operating, maintenance, renewal, upgrade/new

8. ASSET MANAGEMENT PRACTICES

8.1 Accounting/Financial Systems

8.1.1 Accounting and financial systems

The financial system used by Dungog Shire Council is Civica Authority 6.5

This system is managed by Council Finance Department. A financial report is produced annually

8.1.2 Accountabilities for financial systems

The Executive Manager Corporate Services is responsible for the operation and maintenance of the Financial Reporting Systems.

8.1.3 Accounting standards and regulations

Council currently complies with the following standards and regulations with respect to asset accounting:

- The Australian equivalents to international Financial Reporting Standards
- The Local Government Code of Accounting and Financial Reporting
- The Local Government Act 1993 – as amended for the Integrated Planning and Reporting Framework
- AASB116 Property, Plant and Equipment
- AAS 27 Financial Reporting by Local Governments
- Dungog Shire Council Accounting Policy

8.1.4 Capital/maintenance threshold

Refer Dungog Shire Council Accounting Policy

8.1.5 Required changes to accounting financial systems arising from this AM Plan

All asset registers currently in Microsoft Excel will be migrated to future financial systems.

8.2 Asset Management Systems

8.2.1 Asset management system

Dungog Shire Council have data inventory in MapInfo Geographic Information System (GIS) and Microsoft Excel spreadsheets. The asset management systems are not integrated with Council's Finance System. Improvements in this area would require substantial changes to the use and level of investment of Authority within Council.

8.2.2 Asset registers

All asset registers currently in Microsoft Excel.

8.2.3 Linkage from asset management to financial system

Quarterly update of capital transactions from asset management to financial system to keep excel asset register up to date for: condition, remaining life, useful life, values. Synchronisation of financial system and excel asset register when a revaluation occurs. Annual balancing of end of year note 9a reporting.

8.2.4 Accountabilities for asset management system and data

The Executive Manager Infrastructure and Assets is responsible for the operation and maintenance of the Asset Registers.

The Executive Manger Corporate Services is responsible for the operation and maintenance of the Geographic Information System.

8.2.5 Required changes to asset management system arising from this AM Plan

Implementation of a new asset register and update of asset register as per table 16 in section 8.2.

8.3 Information Flow Requirements and Processes

The key information flows *into* this asset management plan are:

- Council strategic and operational plans,
- Service requests from the community,
- Assets information,
- The unit rates for categories of work/materials,
- Current levels of service, expenditures, service deficiencies and service risks,
- Projections of various factors affecting future demand for services and new assets acquired by Council,
- Future capital works programs,
- Financial asset values.

The key information flows *from* this asset management plan are:

- The projected Works Program and trends,
- The resulting budget, depreciation and long term financial plan expenditure projections,
- Financial sustainability indicators.

These will impact the Long Term Financial Plan, Strategic Longer-Term Plan, annual budget and departmental business plans and budgets.

8.4 Standards and Guidelines

Development of this plan is in accordance with:

- The International Infrastructure Management Manual (IIMM)
- Australian Infrastructure Financial Management Guidelines
- Dungog Shire Council Asset Management Policy
- Dungog Shire Asset Management Resourcing Strategy

9. PLAN IMPROVEMENT AND MONITORING

9.1 Performance Measures

The effectiveness of the asset management plan can be measured in the following ways:

- The degree to which the required cash flows identified in this asset management plan are incorporated into the organisation's long term financial plan and Community/Strategic Planning processes and documents;
- The degree to which 1-10 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the asset management plan;

9.2 Improvement Plan

The asset management improvement plan generated from this asset management plan is shown in Table 13.

Table 13: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1	Continue the development of the corporate asset register, in which financial calculations including calculation of annual depreciation are undertaken by council.	Assets and Corporate	Staff Time	Ongoing
2	Develop the strategy for acquiring condition data and undertake condition reporting for use in future maintenance and capital budgeting	Assets	Staff Time & Contractor	June 2019
3	Review methodology for determining remaining life, with detail assessment for assets requiring renewal in the medium to long term (next 10-20 years)	Assets and Corporate	Staff Time	Sep 2019
4	Develop the forward Capital Renewal Programme	Assets	Staff Time	Dec 2019
5	Develop a Maintenance Management Plan	Assets	Staff Time	Mar 2020
6	Continue to Improve project cost accounting to record costs against the asset component and develop valuation unit rates	Assets and Corporate	Staff Time	Ongoing
7	Continue to review the procedures for maintaining the Asset and Financial Registers	Assets and Corporate	Staff Time	June 2020

9.3 Monitoring and Review Procedures

This asset management plan will be reviewed during annual budget preparation and amended to recognise any changes in service levels and/or resources available to provide those services as a result of the budget decision process. The Plan has a life of 4 years and is due for revision and updating within 12 months of each Council election.

REFERENCES

Dungog Shire Council Annual Report

Dungog Shire Council Management Plan

DVC, 2006, *Asset Investment Guidelines*, Glossary, Department for Victorian Communities, Local Government Victoria, Melbourne, <http://www.dpcd.vic.gov.au/localgovernment/publications-and-research/asset-management-and-financial>.

IPWEA, 2006, *International Infrastructure Management Manual*, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au.

IPWEA, 2008, *NAMS.PLUS Asset Management* Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/namsplus.

IPWEA, 2009, *Australian Infrastructure Financial Management Guidelines*, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/AIFMG.

IPWEA, 2011, *Asset Management for Small, Rural or Remote Communities* Practice Note, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/AM4SRRC.

APPENDICES

Appendix A Abbreviations

Appendix B Glossary

Appendix A Abbreviations

AAAC	Average annual asset consumption
AMP	Asset management plan
ARI	Average recurrence interval
BOD	Biochemical (biological) oxygen demand
CRC	Current replacement cost
CWMS	Community wastewater management systems
DA	Depreciable amount
EF	Earthworks/formation
IRMP	Infrastructure risk management plan
LCC	Life Cycle cost
LCE	Life cycle expenditure
MMS	Maintenance management system
PCI	Pavement condition index
RV	Residual value
SS	Suspended solids
vph	Vehicles per hour

Appendix B Glossary

Annual service cost (ASC)

- 1) Reporting actual cost
The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.
- 2) For investment analysis and budgeting
An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, finance/opportunity and disposal costs, less revenue.

Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

Asset class

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset management (AM)

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Average annual asset consumption (AAAC)*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

Borrowings

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

Capital expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital expenditure - expansion

Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is discretionary expenditure, which increases future operations and maintenance costs, because it increases the organisation's asset base, but may be associated with additional revenue from the new user group, eg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure - new

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

Capital expenditure - renewal

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

Capital expenditure - upgrade

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the organisation's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

Capital funding

Funding to pay for capital expenditure.

Capital grants

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

Capital investment expenditure

See capital expenditure definition

Capitalisation threshold

The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

Carrying amount

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

Class of assets

See asset class definition

Component

Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

Cost of an asset

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.

Current replacement cost (CRC)

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Depreciable amount

The cost of an asset, or other amount substituted for its cost, less its residual value.

Depreciated replacement cost (DRC)

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Depreciation / amortisation

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Economic life

See useful life definition.

Expenditure

The spending of money on goods and services. Expenditure includes recurrent and capital.

Fair value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arms length transaction.

Funding gap

A funding gap exists whenever an entity has insufficient capacity to fund asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current funding gap means service levels have already or are currently falling. A projected funding gap if not addressed will result in a future diminution of existing service levels.

Heritage asset

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

Impairment Loss

The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructure assets

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, eg. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

Investment property

Property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

Key performance indicator

A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

Level of service

The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

Life Cycle Cost

1. **Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises annual operations, maintenance and asset consumption expense, represented by depreciation expense. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Life Cycle Expenditure

The Life Cycle Expenditure (LCE) is the actual or planned annual operations, maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of life cycle sustainability.

Loans / borrowings

See borrowings.

Maintenance

All actions necessary for retaining an asset as near as practicable to its original condition, including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

• **Planned maintenance**

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

• **Reactive maintenance**

Unplanned repair work that is carried out in response to service requests and management/supervisory directions.

• **Significant maintenance**

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

• **Unplanned maintenance**

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance and renewal gap

Difference between estimated budgets and projected required expenditures for maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

Maintenance and renewal sustainability index

Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (eg 5, 10 and 15 years).

Maintenance expenditure

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

Materiality

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

Modern equivalent asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques

Net present value (NPV)

The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from eg the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

Non-revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, eg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operations expenditure

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, eg power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

Operating expense

The gross outflow of economic benefits, being cash and non cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

Pavement management system

A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

PMS Score

A measure of condition of a road segment determined from a Pavement Management System.

Rate of annual asset consumption

A measure of average annual consumption of assets (AAAC) expressed as a percentage of the depreciable amount (AAAC/DA). Depreciation may be used for AAAC.

Rate of annual asset renewal

A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade

A measure of the rate at which assets are being upgraded and expanded per annum expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

Recoverable amount

The higher of an asset's fair value, less costs to sell and its value in use.

Recurrent expenditure

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining useful life

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

Renewal

See capital renewal expenditure definition above.

Residual value

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, eg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

Risk management

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Section or segment

A self-contained part or piece of an infrastructure asset.

Service potential

The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

Service potential remaining

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

Strategic Longer-Term Plan

A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

Specific Maintenance

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, cycle, replacement of air conditioning equipment, etc. This work generally falls below the capital/maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the council.

Value in Use

The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2009, Glossary